## **Income Tax - Catastrophic Health Insurance Subtraction**

Can the cost of catastrophic health insurance be subtracted on the Colorado income tax return?

Yes, the cost of catastrophic health insurance withheld by an employer can be deducted from taxable income on the "Other Subtractions" line of the Colorado income tax return. Self-employed persons cannot claim this subtraction.

An employee who decides to have a Catastrophic Health Insurance Plan must sign an "Employee Election: Catastrophic Health Insurance" (DR 0811). The form must be signed before the employer withholds the first contribution to the insurance plan.

The employer must report the premiums withheld in the form of a letter on the employer's letterhead. The letter should be furnished to the employee and the Department of Revenue on or before Jan. 31. The letter must explain that the premiums withheld may be claimed as a subtraction when computing the employee's Colorado taxable income for the year of the withholding. This letter must be attached to the employee's Colorado income tax return when the subtraction is claimed.